

SENATE BILL REPORT

EHB 2190

As of Second Reading

Title: An act relating to budget stabilization account transfers.

Brief Description: Addressing budget stabilization account transfers and appropriations.

Sponsors: Representative Ormsby.

Brief History: Passed House: 6/30/17, 90-4.

Committee Activity:

Brief Summary of Engrossed Bill

- Eliminates the 2015-17 transfer of extraordinary revenue growth (ERG) from the Budget Stabilization Account (BSA) to the state general fund (GFS) and increases the cap on the 2017-19 transfer of ERG from the BSA to the GFS.
- Authorizes appropriations and transfers from the BSA for pension funding stabilization, disasters, and fire mobilization and suppression.

Staff: Julie Murray (786-7711)

Background: In 2007 the voters ratified a constitutional amendment that created the Budget Stabilization Account (BSA) as Article VII, section 12 of the Washington Constitution. Each year, the State Treasurer must deposit 1 percent of general state revenues (GSR) into the constitutionally created BSA. In general, appropriations from the BSA require a three-fifths majority in each house of the Legislature, but in the case of a catastrophic event or low employment growth, the Legislature may appropriate from the BSA with a constitutional majority vote of each house.

In 2011 the voters ratified an amendment to Article VII, section 12 that required further deposits into the BSA when the state experiences extraordinary revenue growth (ERG). Extraordinary revenue growth is defined as the amount by which the percentage growth of GSR in that biennium exceeds by more than one-third the average percentage growth in GSR over the five previous biennia. In such instances, an amount equivalent to three-quarters of

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the ERG must be transferred to the BSA only to the extent that it exceeds the required 1 percent transfer, and ERG is not transferred in a biennium that follows a fiscal biennium in which employment growth averaged less than 1 percent per fiscal year.

Under legislation that was enacted in 2015, the State Treasurer must transfer into the State General Fund up to \$75 million of the BSA that is attributable to extraordinary revenue growth in the 2015-17 fiscal biennium and up to \$550 million of the BSA that is attributable to extraordinary revenue growth in the 2017-19 fiscal biennium.

Summary of Bill: Several appropriations are made from the BSA, including amounts transferred due to extraordinary revenue growth:

- for the 2017-19 fiscal biennium, \$925.166 million is transferred from the BSA into the Pension Funding Stabilization Account, an account that may be used only for the cost of state employer contributions to state pension systems;
- for the 2017-19 fiscal biennium, \$19.0 million is transferred from the BSA into the Disaster Response Account for disaster response and recovery efforts;
- for the 2015-17 fiscal biennium, \$14.5 million is appropriated to the state patrol for fire mobilization costs; and
- for the 2015-17 fiscal biennium, \$23.622 million is appropriated to the Department of Natural Resources for fire suppression costs incurred during the 2016 fire season.

These BSA appropriations and transfers do not alter the requirement to balance in the ensuing biennium under the state's four-year balanced budget requirement, also known as the budget outlook. Additionally, the 2015 legislation is amended to transfer the entire BSA deposit for the 2017-2019 biennium attributable to ERG, not to exceed \$1.078 billion.

Appropriation: Four appropriations totaling \$982.3 million are made to a variety of accounts.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.